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**USTR BARSHEFSKY ANNOUNCES CONCLUSION OF
AGRICULTURE AGREEMENT WITH PHILIPPINES**

United States Trade Representative Charlene Barshefsky today announced the conclusion of successful negotiations with the Philippines that will result in the reform of restrictive tariff rate quotas and licensing practices that had substantially impeded market access for U.S. pork and poultry meat exports.

“Ensuring that the Philippine Government maintains an open agriculture market has been the objective of the United States since the conclusion of the Uruguay Round,” said Ambassador Barshefsky. “This agreement reforms restrictive Philippine agriculture import policies and ensures that U.S. pork and poultry meat exporters have a fair chance to compete for market opportunities in the Philippines.”

Following completion of domestic procedures by the Philippine Government, the bilateral Memorandum of Understanding will be signed for the United States by Ambassador Peter L. Scher, Special Trade Negotiator in the Office of the U.S. Trade Representative, who led the U.S. negotiating team. Changes to the Philippine agriculture regulations will take effect by March 5, 1998 and will apply to imports entered since January 1, 1998.

Upon signature of the agreement, USTR will terminate the ongoing review of the Philippines’ eligibility to receive preferential access to the U.S. market under the Generalized System of Preferences (GSP). USTR initiated a GSP review of the Philippines in April 1997 in response to a petition submitted by U.S. pork exporters.

“The Administration intends to continue to work with U.S. exporters to monitor continuously Philippine implementation of this agreement,” said Ambassador Barshefsky. “We are committed to ensuring that U.S. producers have the market access that the Philippines has committed to

through the WTO and are prepared to accomplish that objective through all appropriate means, including use of WTO dispute settlement or U.S. trade law.”

Background:

During the Uruguay Round, the Philippines agreed to establish TRQs for pork and poultry meat which were scheduled to be implemented by July 1995. Legislative delays resulted in the Philippines’ failure to implement these commitments until July 1996. Thereafter, Manila delayed promulgation of necessary regulations until late 1996. When import licenses were finally issued in late 1996, 82 percent of import licenses for pork and 94 percent for poultry was allocated to domestic producers.

As a result of ongoing U.S. efforts in conjunction with these negotiations, import license holders in the Philippines must now utilize their licenses or they will lose their allocations. The share of licenses preliminarily assigned to producers in 1998 had been reduced to an estimated 45 percent for pork and 49 percent for poultry. Provisions of the agreement announced today should further improve market access for imported meat and result in the accrual of import licenses by means of a “use or lose” mechanism. These provisions will reward utilization of import licenses by increasing available quantity to bona fide importers and penalizing non-use of licenses.